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DIVISION OF CONSUMER ADVOCACY
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BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF HAWAII

In the Matter of the Application of

HAWAIIAN ELECTRIC COMPANY, INC.

DOCKET NO. 2006-0386

Approval of Rate Increase and Revised Rate)
Schedules and Rules.

<u>DIVISION OF CONSUMER ADVOCACY'S</u> FIFTH SUBMISSION OF INFORMATION REQUESTS

Pursuant to the Revised Procedural Schedule approved in Order No. 23442, the Division of Consumer Advocacy submits its **FIFTH SUBMISSION OF INFORMATION REQUESTS** in the above docketed matter.

DATED: Honolulu, Hawaii, June 7, 2007.

Respectfully submitted,

CHERYL & KIKUTA

Utilities Administrator

DIVISION OF CONSUMER ADVOCACY

DOCKET NO. 2006-0386

HAWAIIAN ELECTRIC COMPANY, INC.

FIFTH SUBMISSION OF INFORMATION REQUESTS INSTRUCTIONS

In order to expedite and facilitate the Consumer Advocate's review and analysis in the above matter, the following is requested:

- 1. For each response, the Company should identify the person who is responsible for preparing the response as well as the witness who will be responsible for sponsoring the response should there be an evidentiary hearing;
- Unless otherwise specifically requested, for applicable schedules or workpapers, the Company should provide hard copies of each schedule or workpaper together with one copy of each such schedule or workpaper on electronic media in a mutually agreeable format (e.g., Excel and Quattro Pro, to name two examples); and
- 3. When an information request makes reference to specific documentation used by the Company to support its response, it is not intended that the response be limited to just the specific document referenced in the request. The response should include any non-privileged memoranda, internal or external studies, assumptions, Company instructions, or any other relevant authoritative source which the Company used.
- 4. Should the Company claim that any information is not discoverable for any reason:
 - a. State all claimed privileges and objections to disclosure;

- b. State all facts and reasons supporting each claimed privilege and objection;
- c. State under what conditions the Company is willing to permit disclosure to the Consumer Advocate (<u>e.g.</u>, protective agreement, review at business offices, etc.); and
- d. If the Company claims that a written document or electronic file is not discoverable, besides complying with subparagraphs 4(a-c), identify each document or electronic file, or portions thereof, that the Company claims are privileged or will not be disclosed, including the title or subject matter, the date, the author(s) and the addressee(s).

DOCKET NO. 2006-0386

HAWAIIAN ELECTRIC COMPANY, INC.

FIFTH SUBMISSION OF INFORMATION REQUESTS

General Information Requests.

CA-IR-318 F

Ref: HEI SEC Form 10Q, May 04, 2007, page 53, (Net Energy Metering).

According to the Quarterly Report, "Hawaii has a net energy metering law, which requires that electric utilities offer net energy metering to eligible customer generators." Recognizing the pending PUC investigative proceeding on this matter, please provide the following information:

- a. Provide reference into (or copies of) the existing tariffs and rules that govern HECO's presently offered net energy metering procedures.
- b. A summary of the test period projected number of customers and kWh by rate class for which net energy metering is assumed.
- c. Calculations indicating how billing determinants were estimated for each net energy metering customer for the test year, as applicable.

CA-IR-319 Ref: HEI SEC Form 10Q, May 04, 2007, page 51, (Earthquake Outage Response).

According to the Annual Report, "Following the island-wide outage, HECO restored power to customers in a careful, methodical manner to further protect its system, and as a result power was restored to over 99% of its customers within a period of time ranging from approximately 4 ½ to 18 hours." Please provide the following information:

- a. A detailed monthly breakdown of overtime costs, contractor charges and any other incremental expenses incurred by HECO to restore power and otherwise respond to the earthquake outages.
- b. Describe any damage that occurred to HECO plant assets and explain how repairs are replacements were made, indicating expense and capitalized costs by NARUC account for such activities.
- c. Provide a breakdown by RA of overtime hours that were incurred due to earthquake response and power restoration efforts.
- d. Identify, describe and quantify any test year expenses or capital additions that were caused by the October 2006 earthquake or HECO's response to same.

Witness T-1 Mr. Alm.

CA-IR-320 Ref: Response to CA-IR-35 (2007 Expense Budget).

- a. Please state whether any adjustments beyond the listed compensation item exclusions, normalizations and the increased Ellipse migration expenses have been made to the 2007 to determine the budget actually being used by the Company for internal cost management monitoring purposes in 2007.
- b. If any updated or revised 2007 operating budgets have been prepared for internal cost management/monitoring purposes, please provide complete, detailed copies of all such updates/revisions and explain the primary differences between such budgets and the rate case forecast (beyond differences already described in CA-IR-35.
- c. Provide complete copies of the most detailed available year-to-date 2007 budget/actual expense variance reports and variance explanations in the form prepared for review by the Vice President level of management (See bottom row of CA-IR-21, page 3 of 15).
- d. Provide complete copies of the most recently prepared year-to-date 2007 budget/actual expense variance reports and variance explanations in the form prepared for review by

the President and CEO of HECO (See top row of CA-IR-21, page 3 of 15).

e. Provide complete copies of the most detailed available year-to-date 2007 budget/actual expense variance reports and variance explanations in the form prepared for review by the HECO or HEI Board of directors.

Witness T-2 Mr. Willoughby.

CA-IR-321 Ref: Response to CA-IR-188 (Schedules J & H Additional Factor).

Please explain the basis for the "additional factor" of 1.5 for Schedule J and 1.25 for Schedule H, indicating how the value was derived and applied in calculating test year projected customer levels for these rate schedules. Unless the factors were judgmentally determined, provide supporting calculations used to derive such factors.

Witness T-4 Mr. Sakuda.

CA-IR-322 Ref: Response to CA-IR-220, HECO-WP-404, page 18, HECO-WP-406, page 1.

Part (b) of CA-IR-220 asked the Company to provide the operating minimum capacity and normal top load capacity that were used in the direct testimony production simulation. The response to the question indicated the capacities that were used in the updated

production simulation. It is unclear if this is an indication of what was used in the direct testimony production simulation.

- a. If the <u>answer</u> to this question is that what was used in the updated production simulation was the same as the direct testimony production simulation, please explain accordingly.
- b. If the response to part (a) of this information request is no, please provide the operating minimum capacity and normal top load capacity that were used in the direct testimony production simulation for the following units:

n and the second devices	HECO-WP-404, Page 18		HECO-WP-406, Page 1	
Generating Unit	Operating Minimum (MW)	Normal Top Load (MW)	Operating Minimum (MW)	Normal Top Load (MW)
Waiau 6	22.5	55.6	22.5	53.7
Waiau 7	32.7	88.1	32.7	83.2
Waiau 8	32.7	88.1	32.7	86.2
Waiau 9	13.9	51.9	6.0	52.9
Waiau 10	13.9	49.9	6.0	49.9
Kahe 1	27.7	88.2	32.6	82.3
Kahe 2	27.9	86.3	32.8	82.4
Kahe 3	27.8	88.2	32.7	86.3
Kahe 4	27.8	89.2	32.7	85.3
Kahe 5	50.4	134.7	49.8	134.7
Kalaeloa Additional				
Capacity	0.0	29.0	0.0	28.0

CA-IR-323 Ref: HECO-WP-412, page 7.

HECO-WP-412, page 7 indicates that the direct testimony production simulation was modeled using the Monte Carlo

technique. Please provide the number of Monte Carlo iterations that were used in the production simulation.

CA-IR-324 Ref: Response to CA-IR-214, page 47.

Page 47 of the response to CA-IR-214 contains the updated HECO-WP-412, page 7. This workpaper indicates that the updated production simulation was modeled using the Monte Carlo technique. Please provide the number of Monte Carlo iterations that were used in the updated production simulation.

CA-IR-325 Ref: Response to CA-IR-214, T-5.

The response to CA-IR-214 indicates that an updated production simulation was run. Updated exhibits and workpapers for T-4 were provided.

- a. Does the company plan to update the exhibits and workpapers from witness T-5, Daniel S. W. Ching?
- If so, please provide updated exhibits and workpapers at this time.
- c. If not, please explain.

CA-IR-326 Ref: Response to CA-IR-214, T-9.

The response to CA-IR-214 indicates that an updated production simulation was run. Updated exhibits and workpapers for T-4 were provided.

- a. Does the company plan to update the exhibits and workpapers from witness T-9, Alan K. C. Hee?
- If so, please provide updated exhibits and workpapers at this time.
- c. If not, please explain.

CA-IR-327 Ref: HECO-WP-412, pages 18 – 19, Response to CA-IR-214, pages 58 – 59.

HECO-WP-412, pages 18 – 19 contains the Thermal Performance Summary input to the Company's direct testimony production simulation. The response to CA-IR-214, pages 58 – 59 contains the Thermal Performance Summary input to the Company's updated production simulation. Both summaries indicate that the Company modeled each generating unit or power purchase using 4 capacity states.

- a. Please explain the significance and purpose of modeling 4 capacity states.
- Please explain how capacity states 2 and 3 were determined, including all calculations and supporting documentation.

Witness T-6 Mr. A. Giovanni.

CA-IR-328

Ref: HECO Response to CA-IR-1, Attachment 3 (Total Expensed Non-Project and Project Labor Hours by RA).

This Attachment provides test year projected expensed O&M labor hours and dollars by RA, after distribution of total projected labor hours between capital, billable, other balance sheet, non-productive and expense activity assignments have been estimated. Please provide, for <u>each</u> of the following RA codes, actual comparable labor hour distribution data showing total hours distributed to capital, billable, other balance sheet, non-productive time, and expense indicators codes for <u>each</u> historical actual year 2003 through 2006, compared estimated labor hour distributions for the test year, explaining any significant deviations in estimated values from past historical labor distribution patterns. (RA=PIH, PIK, PIL, PIP, PIT, PIW and PIX).

CA-IR-329

Ref: HECO Response to CA-IR-66, page 3 (Maintenance Staffing Levels vs. 2005 Test Year).

According to the response, HECO "affirmed that the Maintenance Division staffing level proposed for 2005 test year (160 positions) is valid for the 2007 test year (161 positions). Please state which staffing level is "valid" – 160 or 161 maintenance persons and explain the basis for increasing staffing by one position. Provide

complete copies of all documents associated with or supportive of your response.

CA-IR-330 Ref: HECO Response to CA-IR-1, Attachment 17 (Actual and Projected Staffing Levels by RA).

This Attachment provides test year projected Employee Count Statistics by RA. For the test year, projected power plant operations staffing levels are higher than the staffing that was proposed by the Company in its 2005 test year rate case, even though the staffing required for 24 x 7 operator staffing was proposed in labor expenses that case. Please explain and provide calculations illustrating why test year 2005 operations staffing of PIH at 26, PIK at 58 and PIW at 62, was proposed as reasonable in the <u>last</u> rate case, but such levels are now proposed to be increased to 27, 61 and 66 employees, respectively. Provide complete copies of all documents associated with or supportive of your response.

CA-IR-331 Ref: HECO T-6, pages 44 and 45 (Operations Shift Staffing).

At page 44, Mr. Giovanni provides a table of proposed staffing positions at each power plant, with a discussion of how such levels relate to manpower requirements by position at each station. Please reconcile the table values to the narrative, illustrating how 40 available regular hours by position, reduced by assumed

non-productive time, compares to the 168 hour work week associated with 24x7 operations. In addition, please explain with illustrative calculations how test year proposed overtime for each position at each station can be reconciled into such staffing requirements.

CA-IR-332 Ref: HECO T-6, pages 51 (Test Year "Program" Expenses).

At page 51, Mr. Giovanni states, "Moreover, the 2007 test year expense includes \$1,909,000 for other program costs to be performed in 2007, such as Smart Signal (\$299,000 after normalization), Kahe fuel tank clean inspection (\$450,000), and Kahe sludge pond cleaning (\$1,160,000)." Please provide an itemized listing of comparable projects and costs that were actually performed in each historical year 2003 through 2006 and explain how test year spending at the proposed level can be considered reasonable given such historical expenses and the amounts of structural maintenance that was deferred in prior years, as listed on page 52.

CA-IR-333 Ref: HECO Response to CA-IR-77, Attachments 1 and 2 (Backlog Reports).

a. Please provide a complete copy of the DARS 1877 Excel

Report that is referenced for each reporting period in

- electronic and hard copy format and a legend explaining all acronyms within such report.
- b. Provide a complete copy of the most current available DARS 1877 Excel Report and explain any progress made since December 2006 (Attachment 2) in reducing backlog.

CA-IR-334 Ref: HECO Response to CA-IR-79, Attachments 1 and 2 (Training Expenses).

- a. Please provide a breakdown of Attachment 1 amounts between labor and non-labor cost elements.
- Provide monthly 2007, to date, actual training costs for comparison to Attachments 1 and 2.
- c. Explain whether and to what extent HECO's difficulties in recruiting and retaining engineering, craft and supervisory personnel to fill vacant positions have changed the requirements for training in 2007.

CA-IR-335 Ref: HECO-611 and HECO-612 (2007 Planned Maintenance Schedule).

Please provide the following information:

a. The most current available updated Planned Maintenance Schedule for 2007, in color graph and table format like these exhibits.

- b. Explain the reasons for major changes in the most recent Planned Outage Schedule, relative to outages and overhauls included in the test year forecast.
- c. State and explain whether the revised and currently effective Planned Outage Schedule is believed to be more or less "normal" than the Planned Outage Schedule included in the test year forecast and explain the reasons for such belief.
- d. Provide revised Non-labor cost amounts for <u>each</u> overhaul included in CA-IR-2, Attachment 13I, pages 1-68, indicating how test year proposed non-labor expenses would vary in total and by overhaul if the updated Planned Outage Schedule were recognized for rate case purposes.

CA-IR-336 Ref: HECO-626 and HECO-630 (Non-Labor Production Operations and Maintenance Expense).

Please provide the following information:

- a. Updated HECO -626 non-labor operations expenses, adding a column with 2006 actual information and a column with five months to-date May 31, 2007 actual information.
- b. Updated HECO -626 non-labor operations expenses, adding a column with 2006 actual information and a column with five months to-date May 31, 2007 actual information.
- c. State and explain individual known reasons for historical spending fluctuations and variances between 2006 and

to-date 2007 actual amounts relative to projected test year expense levels.

CA-IR-337 Ref: HECO-627 (DG and Dispatchable Standby Expense).

Please provide the following information:

- Explain and reconcile the test year values in this Exhibit into the DG expense workpapers within CA-IR-2,
 Attachment 13E.
- Provide additional columns of data reflecting actual 2006
 and five months to-date 5/31/2007 actual amounts.
- c. State and explain individual known reasons for historical spending fluctuations and variances between 2006 and May 31, to-date 2007 actual amounts relative to projected test year expense levels.

CA-IR-338 Ref: Responses to CA-IR-70, Attachment 1, page 5 and CA-IR-2, T-6, Attachment 13 (Maintenance of Structures).

According to the response, much larger expenses than have been historically spent are proposed in the test year for PIL Activity 263, PIL Activity 265, PIN Activity 265 and PIX Activity 265. Please provide the following information:

a. Explain and itemize the specific work proposed to be done within each RA/Activity, indicating any line items within

CA-IR-2, Attachments 13D, 13F or 13K that correspond with such itemization.

- b. State whether any effort was made to normalize Maintenance of Common Structures estimated for the test year, and provide complete copies of all analyses, workpapers, projections and other documents associated with any such normalization that was considered.
- c. Explain whether any of the work described in your response to part (a) of this information request was performed historically and provide the prior dates/intervals associated with such work.
- d. Identify each of the "2007 Priority List" station maintenance items within CA-IR-2, Attachments 13D, 13F and 13K that were determined to be relatively lower priority that were not included in test year O&M projections.

CA-IR-339 Ref: Responses to CA-IR-70, Attachment 1, page 10 and CA-IR-2, T-6, Attachment 15 (Security Expenses).

According to the response, much larger expenses than have been historically spent are proposed in the test year for contract security services. Please provide the following information:

a. Explain how the billing rates and other information within CA-IR-2, Attachment 15 were translated into test year estimated expense amounts for each station.

- b. Provide a monthly statement of actual contract security costs at each station for 2006 and each available month of 2007, to-date.
- c. Explain and quantify any further adjustment that may be necessary to update the estimated expenses for security services for the test year, based upon your response to parts (a) and (b) of this information request.

CA-IR-340 Ref: Response to CA-IR-248, Attachment 1, page 2 (Vehicle Expenses).

The Attachment provides 2007 Vehicle "Allocated Charges" of \$7,958,242 and "Forecasted 2007 hours" of 1,340,507. Please provide the following additional information:

- a. A detailed further breakdown of the non-labor "allocated charges" by expense element, such as fuel, maintenance, insurance, etc.
- Assumptions, workpapers and calculations supportive of the estimated "allocated charges" amount for the test year.
- c. Comparable actual vehicle charges for prior years 2004, 2005, 2006 and year-to-date 2007, broken down into expense categories used in Attachment 1, page 2 (labor, on-costs, depreciation, etc.) and in your response to part (a) of this information request for non-labor charges.

- d. A listing of the number of vehicles in each category, heavy/medium/light trucks, sedans condor 1501, caterpillar, etc.; for each year 2004 through 2006 and the test year.
- e. Provide supporting calculations for the "Forecasted 2007 hours" in each category, indicating assumptions and methods used to develop such values.
- f. Provide a comparable breakdown of actual hours of use for each category of vehicles for each prior year 2004 through 2006 and year-to-date 2007.
- g. What were the trued-up actual hourly vehicle charge rates recorded by HECO in 2004, 2005 and 2006 by category?
- h. Have the 2007 hourly vehicle charge rates been changed for accounting purposes from the values shown in Attachment 1, page 2?
- If your response to part (h) of this information request is affirmative, please provide all hourly charge rates that have actually been employed to date in 2007.

CA-IR-341 Ref: HECO-629, pages 10-12; Response to CA-IR-183, (Electronic Shock Absorber).

Please provide the following additional information regarding the ESA project:

- A complete copy of the "proposal to USDOE" referenced in response to CA-IR-183, part (d).
- Explain and provide copies of documents indicating that "awards will be made in the fall of 2007" and otherwise describing project scheduling.
- c. Provide, in as much detail as possible, a description of HECO plans associated with the "intent" to "build and test an ESA and other energy storage devices", indicating how such plans will vary depending upon USDOE funding, and explain any firm spending commitments that have been made for such planned work.
- d. Provide complete copies of any documents associated with your response to part (c) of this information request.

CA-IR-342 Ref: Response to CA-IR-2, HECO T-6, Attachment 13D, (Kahe Nonlabor Expenses).

This attachment summarizes, at pages 1 and 2, the amounts included in test year non-labor RA=PIL Expenses. However, some of the attachments are not legible or clearly organized. Please provide the following additional information regarding this attachment:

a. Attachment 13D, pages 3 and 4 contained listed non-project, non-labor items, which appear to be sub-totaled into alphabetical summaries. Please provide a legible sort of this "2007 Priority List" indicating which amount sum into the alphabetically posted totals and where other amounts included within the alphabetical totals are calculated and supported.

- b. Attachment 13D, pages 7 through 9 contain forecasted amounts that appear to roll forward based upon some of the alphabetical summaries, but the amounts do not readily tie into summarized values at pages 1 and 2. Please provide additional information needed to reconcile each estimated amount into the summarized posted totals on pages 1 and 2.
- c. Attachment 13D, pages 7 through 9 contain numerous line items described as "General Trend" or "General Plt.-Trend." For each of these "generally trended" items that individually exceeds \$100,000 in test year expense, please provide the following details:
 - 1. Describe the types of costs incurred.
 - Provide comparable actual expenses for each prior year 2003, 2004, 2005 and 2006.
 - Explain how the trended amount was calculated and provide supporting calculations.
 - If the proposed test year value is materially higher or lower than the historical actual amounts provided in

- response to part (b)(2) of this information request, please explain the reasons for such variances.
- State whether any additional adjustment is believed to be required to correct calculations of any of the trended amounts.
- d. Identify which specific amounts in pages 19 through 50 of this Attachment are intended to specifically support test year projected expenses and reference where such amounts are posted at pages 1 and 2, including any relevant intermediate calculates required to reconcile expenses.

CA-IR-343 Ref: Response to CA-IR-2, HECO T-6, Attachment 13K, (Waiau Nonlabor Expenses).

This attachment summarizes, at pages 1 and 2, the amounts included in test year non-labor RA=PIX Expenses. However, some of the attachments are not legible or clearly organized. Please provide the following additional information regarding this attachment:

a. Attachment 13K, pages 3 and 4 contained listed non-project, non-labor items, which appear to be sub-totaled into alphabetical summaries. Please provide a legible sort of this "2007 Priority List" indicating which amount sum into the alphabetically posted totals and where other amounts

included within the alphabetical totals are calculated and supported.

- b. Attachment 13K, pages 5 through 7 contain forecasted amounts that appear to roll forward based upon alphabetical summaries, but the amounts do not readily tie into summarized values at pages 1 and 2. Please provide additional information needed to reconcile each estimated amount into the summarized posted totals on pages 1 and 2.
- c. Attachment 13K, pages 5 through 7 contain numerous line items described as "Gen Plant" or "General Plant-Trend."

 For each of these "generally trended" items that individually exceeds \$100,000 in test year expense, please provide the following details:
 - 1. Describe the types of costs incurred.
 - 2. Provide comparable actual expenses for each prior year 2003, 2004, 2005 and 2006.
 - Explain how the trended amount was calculated and provide supporting calculations.
 - 4. If the proposed test year value is materially higher or lower than the historical actual amounts provided in response to part (b)(2) of this information request, please explain the reasons for such variances.

 State whether any additional adjustment is believed to be required to correct calculations of any of the trended amounts.

CA-IR-344 Ref: Response to CA-IR-246, Attachment 3 (Environmental EE508 Services).

Please provide the following information:

- Updated actual monthly expenditures for April, May and June 2007.
- Explain any unusual or non-recurring charges included in your response to part (a) of this information request.

CA-IR-345 Ref: Response to CA-IR-238, parts (c) and (d) (EDSG System Costs).

Please provide the "updated estimates" and supporting documentation, as well as updated actual monthly spending and allocations between capital/expense and to MECO/HELCO referenced in your responses to parts (c) and (d) of CA-IR-238.

CA-IR-346 Ref: Response to CA-IR-67, Attachment 1 (Vacant Positions Analysis).

Please provide the following information:

Explain which of the assumed vacant positions through
 May 2007 on each line of the Attachment 1 spreadsheet
 actually occurred in the months shown.

- b. Update the spreadsheet shown at pages 1 and 2 in columns
 A through G to substitute actual vacancies through
 May 2007 and the related direct labor costs avoided in column H (per page 4 labor rates).
- c. Provide the <u>actual</u> amounts of overtime (hours and dollars) incurred through May 2007 to "replace" the labor hours not available due to vacancies for <u>each</u> line in the schedule, placing the hours in column G by month and the dollars in column H by month for each line on the schedule.
- d. Provide the <u>actual</u> amounts of outside service contractors (hours and dollars) incurred through May 2007 to "replace" the labor hours not available due to vacancies for <u>each</u> line in the schedule, placing the contract labor hours in column G by month and the dollars in column H by month for each line on the schedule.
- e. Combine the net impact of vacancy labor cost savings with replacement overtime costs and contractor costs within revised column H, by month and line item, to quantify the net cost or benefit to HECO associated with actual vacancies.
- f. State whether or not <u>each</u> hour of direct labor avoided because of vacancies was, in fact, replaced by either additional overtime or outside services for the period January through May 2007.

CA-IR-347 Response to CA-IR-70, Attachment 1 (Production Department Outside Services by Dept, Account, RA, Act).

Please provide an update to this spreadsheet, adding a column of actual year-to-date 2007 data through May.

Witness T-7 Mr. Young.

CA-IR-348 Ref: HECO T-7, pages 7-8 & Response to CA-IR-87 (O&M Corrections).

According to the response to CA-IR-87(b), HECO's efforts to reduce overtime in 2005 included the deferral of lower priority O&M work without impacting reliability or safety. Please provide the following:

- a. Was any of the T&D O&M work that was deferred in 2005 nevertheless included in the 2005 rate case test year forecast? Please identify any such work and describe the test year treatment.
- b. Was any of the T&D O&M work that was deferred in 2005 included in the 2007 test year forecast? Please explain.
- Referring to part (b) above, please identify and quantify the
 O&M costs included in the 2007 test year forecast.

CA-IR-349 Ref: HECO T-7, pages 8 to 10, Responses to CA-IR-1 & CA-IR-89 (T&D Work Requirements).

The response to part (b) of CA-IR-89 explains that HECO did not rely solely upon "work requirement" units for purposes of

developing quantitative values and labor hours for the 2007 test year forecast. According to this response, the C&M department organizes its work into programs while System Operations relies on inspections, infrared scans, tests, trends and other factors for forecasting purposes. Please provide the following:

- a. Please confirm the accuracy of the above summary. If this cannot be confirmed, please explain.
- b. Referring to CA-IR-1, Attachment A, pages 3-4, HECO lists a series of C&M project numbers (e.g., P0000120, P0000359, P0000361, P0000740, etc.) and generally refers to Attachment E for further details. Page 13 of Attachment E-2 specifically relates to P0000359. Please provide the following:
 - Please provide an illustration showing how the labor hours on page 13 of Attachment E-2 support the two entries of \$848,427 and \$848,348 of labor expense appearing on Attachment A, page 4, for P0000359.
 - 2. Has HECO provided any forecast support showing how the labor hours for the various C&M projects, including P0000359, were determined?
 - (a) If so, please provide a pinpoint reference to said documentation.

- (b) If not, please explain how those labor hours are determined, specifically referring to P0000359.
- 3. Please provide a copy of any additional documentation specifically relied upon by the Company in determining the C&M project hours chargeable to O&M expense.

CA-IR-350 Ref: HECO T-7, pages 8 to 10, Responses to CA-IR-1 & CA-IR-89 (T&D Work Requirements).

The response to part (b) of CA-IR-89 explains that HECO did not rely solely upon "work requirement" units for purposes of developing quantitative values and labor hours for the 2007 test year forecast. According to this response, the C&M department organizes its work into programs while System Operations relies on inspections, infrared scans, tests, trends and other factors for forecasting purposes. Please provide the following:

- a. Based on a review of the response to CA-IR-1, it appears that there are only three System Operations RA's (PRI, Attachment H-6; PRR, Attachment H-7; & PRS, Attachment H-8) that employed the inspections/scans methodology for purposes of developing the 2007 test year labor hour forecast.
 - 1. Is this correct?

- If not, please explain and identify the specific RA's and portions of the response to CA-IR-1 using such a work requirements method.
- b. Please identify each System Operations RA that uses "trends" to develop the 2007 labor hour forecast, specifically identifying the portions of CA-IR-1 that document the use of such method.
- c. Please identify each System Operations RA that uses "other factors" to develop the 2007 labor hour forecast, specifically identifying the portions of CA-IR-1 that document the use of such method.

CA-IR-351 Ref: HECO T-7, pages 8 to 10 & Response to CA-IR-89 (T&D Work Requirements).

In response to part (d) of CA-IR-89, HECO explained the method used to determine work requirements and labor hours for purposes of the 2007 test year forecast, in part by using System Operation-Substation (RA: PRS) as an example. At page 8 of the response to CA-IR-89, part (d) illustrates how the budget preparer modified the labor hour estimate, based on quantified work requirements, by referencing labor hours on Attachments 1 and 2 for "Trans Equip Prev – Crew" for labor class R_SUBCRW. Please provide the following:

- a. Attachment 1 showed a total of 13,854 man-hours based on work requirements derived from equipment counts, inspection cycles and man-hours per inspection. Attachment 2 shows that 9,554 man-hours were input into Pillar, explaining that the reduction in calculated O&M labor hours was made to achieve a manageable level of work.
 - Does HECO T-7's original response to CA-IR-1 show how or explain why the 13,854 man-hours were reduced to 9,554 man-hours? If so, please provide a pinpoint reference to such documentation.
 - Does HECO T-7's supplemental response to CA-IR-1
 (Supplement 5-11-07) show how or explain why the
 13,854 man-hours were reduced to 9,554 man-hours?

 If so, please provide a pinpoint reference to such documentation.
 - 3. Please confirm that, other than stating that the 13,854 man-hours were reduced to 9,554 man-hours, the response to CA-IR-89 does not show how the 13,854 man-hours were reduced to 9,554 man-hours. If this cannot be confirmed, please explain.
 - 4. In the absence of CA-IR-89, please explain how the Consumer Advocate could have independently

determined that the 13,854 man-hours were reduced to 9,554 man-hours.

- b. Attachment 1 showed a total of 7,650 man-hours based on work requirements derived from equipment counts, inspection cycles and man-hours per inspection. Attachment 2 shows that 4,600 man-hours were input into Pillar, explaining that the reduction in calculated O&M labor hours was made to achieve a manageable level of work.
 - Does HECO T-7's original response to CA-IR-1 show how or explain why the 7,650 man-hours were reduced to 4,600 man-hours? If so, please provide a pinpoint reference to such documentation.
 - Does HECO T-7's supplemental response to CA-IR-1
 (Supplement 5-11-07) show how or explain why the
 7,650 man-hours were reduced to 4,600 man-hours?
 If so, please provide a pinpoint reference to such documentation.
 - 3. Please confirm that, other than stating that the 7,650 man-hours were reduced to 4,600 man-hours, the response to CA-IR-89 does not show how the 7,650 man-hours were reduced to 4,600 man-hours. If this cannot be confirmed, please explain.

4. In the absence of CA-IR-89, please explain how the Consumer Advocate could have independently determined that the 7,650 man-hours were reduced to 4,600 man-hours.

CA-IR-352 Ref: HECO Response to CA-IR-104 (T&D Labor Overtime).

Attachment 1 of CA-IR-104 provides a historical comparison of straight time and overtime hours by department and RA. Please provide the following:

- a. Do the straight time and overtime hours for calendar year 2005 include or exclude the effect of the capital/O&M correction discussed by HECO T-7, pages 6-8?
 - 1. If included, is it possible to exclude or otherwise restate the 2004 and 2005 straight time and overtime hours as if the problem had not occurred?
 - 2. If so, please do so if administratively feasible.
- b. Please confirm that the "2007 Budget" straight time and overtime hours are based on the 2007 test year forecast. If this cannot be confirmed, please explain.
- The following table summarizes the total straight time and overtime hours from Attachment 1.

	2004	2005	2006	2007*
	RECORDED			BUDGET
Straight Time				
Hours	731,386	952,771	1,001,493	1,058,616
Overtime Hours	72,424	130,866	92,212	119,620
OT as a % of ST	9.90%	13.74%	9.21%	11.30%

- Please confirm that the hours listed in the above table accurately represent the information provided by HECO. If this cannot be confirmed, please explain.
- Please explain the significant increase in 2007
 overtime hours in relation to the prior years,
 particularly in light of HECO's proposed increase in
 T&D employee count in the 2007 test year forecast.

CA-IR-353 Ref: HECO Response to CA-IR-104 (T&D Labor O&M/Capital Ratios).

Attachment 2 of CA-IR-104 provides a historical comparison of the O&M/Capital ratios by department and RA, using the formula noted at the bottom of the page. Please provide the following:

- a. The spreadsheet file supporting Attachment 2 contains input percentages, rather than formulae containing the hours used in deriving in response.
 - 1. Was this information downloaded from Pillar as values or were the percentages calculated from underlying "hour" data?

- If the response to part (a)(1) indicates that hour data is available, please provide such information in a spreadsheet format.
- b. The formula at the bottom of the page calculates the O&M percentage, for example, as O&M hours divided by the sum of O&M hours plus capital hours. Please explain how and whether this formula considers the following hours:
 - 1. nonproductive time (sick leave, vacation, etc.);
 - 2. hours billable to third parties;
 - 3. removal hours; and
 - 4. deferred hours.
- c. For each of the following 2007 Budget items, please provide the O&M and capital hours (i.e., identifying indicator codes) used to derive the O&M percentages listed below, with a pinpoint reference to the forecast workpapers serving as the source of said hours:
 - 1. C&M, PDS: 24% O&M.
 - 2. Engineering, PBZ: 100%.
 - 3. Sys Op, PRE: 99% O&M.
- d. In general terms, the 2007 budget appears to reflect higher
 O&M percentages, as compared to prior years. Please
 explain the basis for the 2007 test year increases.

Witness T-8 Mr. Yamamoto.

CA-IR-354 Ref: HECO T-8, page 16, Response to CA-IR-115 (Uncollectible Write-offs).

At page 16, Mr. Yamamoto states, "However, in the past several months the Company has experienced higher write-off levels, similar to those experienced in 2004 (HECO-WP-805)." Please provide the following information regarding the recently experienced higher write-off levels:

- a. Provide monthly gross and net write-off amounts for each month of 2004, 2005, 2006 and 2007, to date.
- b. For each of the months in your response to part (a) of this information request, identify and describe any individually large (over \$50,000) write-offs or recoveries.
- c. Explain with specificity the steps taken by HECO to "emphasize" each of the policies listed in your response to part (b) of CA-IR-115.
- d. State <u>each</u> reason why the recently improved net write-off performance in the years 2004 through 2006 should not be more heavily weighted, relative to the "ten year time services used to calculate 2007 uncollectibles" (T-8, page 15) in the Company's filing.
- e. Provide complete copies of all studies, reports, analyses, projections, workpapers and other documents supportive of your response to part (d) of this information request.

CA-IR-355 Response to CA-IR-115, Attachment 1 (Uncollectible Write-offs).

According to response to this request, 12-month cumulative net write offs have more than doubled since March 2006. Please provide the following information:

- a. Explain each known reason for the deteriorating uncollectible performance on Oahu.
- b. Please provide a detailed discussion of any changes in Company policies or procedures that are under consideration or have been recently implemented to address increasing uncollectibles.
- c. Explain any commercial bankruptcy events that have contributed to the noted change in uncollectibles, indicating anticipated recoveries from any individual cases.
- d. Update the Attachment for all available months of 2007 beyond March.
- e. Explain the specific criteria used by the Company to determine when an account should be written off.
- f. Provide accounts receivable aging analyses and other studies prepared to determine appropriate accruals to an uncollectible reserve account.
- g. Provide detailed calculations supporting the most recent month's accrual for uncollectible accounts on the Company's books.

CA-IR-356

Ref: Response to CA-IR-3, HECO T-8, Attachment 1 (Staffing Adjustments).

Please provide comparable actual data for all available months to replace the estimated information set forth in calculations supporting the Company's proposed budget adjustment, indicating actual amounts spent on temporary personnel and actual positions vacant by month.

Witness T-9 Mr. Hee.

CA-IR-357

Ref: HECO-916 (DSM Program Expense).

Please provide an update of all information on HECO-916, inserting a column containing actual 2006 information and another column with actual 5 months ending May 31, 2007 data, explaining any significant variances in such additional data relative to test year proposed levels.

CA-IR-358

Ref: HECO-917 (CIDLC Base Non-labor Program Expenses).

Please provide an update of all information on HECO-917, inserting a column containing actual 2006 information and another column with actual 5 months ending May 31, 2007 data, explaining any significant variances in such additional data relative to test year proposed levels.

CA-IR-359 Ref: HECO-918 (RDLC Base Non-labor Program Expenses).

Please provide an update of all information on HECO-918, inserting a column containing actual 2006 information and another column with actual 5 months ending May 31, 2007 data, explaining any significant variances in such additional data relative to test year proposed levels.

CA-IR-360 Ref: HECO-922 (DSM Related Expense).

HECO-922 provides a breakdown of test year DSM-related administration, PAYS and ITS expenses. Please provide the following information:

- a. Provide a breakdown of the administration labor costs by RA
 and position, with reference into CA-IR-1 supporting
 documentation for relevant labor input sheet details.
- b. Provide actual 2006 and actual 5 months ending
 May 31, 2007 amounts for each labor and non-labor category shown.
- c. Explain any significant variances between the historical actual data provided in your response to part (b) of this information request and the proposed test year amounts shown in HECO-922.

- d. Confirm that PAYS non-labor amounts are to be removed, for recovery through the IRP cost recovery clause, as indicated in CA-IR-129.
- e. Provide supporting documentation for the proposed test year "ITS" amounts, including upstream allocation models employed to derive such amounts.

CA-IR-361 Ref: Response to CA-IR-264, part c (DSM Staffing).

Please provide a detailed explanation of each reason HECO believes "It is not clear that HECO will necessarily need to adjust its DSM-related staffing when the energy efficiency programs transition to a 3rd party administrator." Provide complete copies of all studies, reports, analyses, workpapers, calculations and other information supportive of your response. Include in your response a discussion of how 3rd party administration of DSM, as ordered by the Commission, can be cost-effective if HECO maintains full staffing to support DSM after transition occurs (with labor and benefit costs included in electric rates).

CA-IR-362 Ref: Response to CA-IR-2, HECO T-9, Attachment B, page 21 (BTL HPWH Program Costs).

Please provide a detailed explanation of the Company's incentive program to promote all electric heat pumps, including a description of specific program terms and conditions, HPUC review and approval requested/received, and the number and amounts of incentives actually paid in each of the past three years.

Witness T-10 Ms. Nanbu.

CA-IR-363

Ref: T-10 Responses to HECO CA-IR-2, Attachment 13, page 3 & CA-IR-275 (ITS Costs).

CA-IR-275 specifically referred to Note D on CA-IR-2, Attachment 13, page 3 and requested forecast support for the \$190,000 (2007 enterprise software maintenance fees) and for the \$142,000 (2007 additional third party software maintenance fees). The 2007 test year forecast of \$384,000 was based on "prior year actuals" plus the sum of these amounts (\$332,000). Please provide the following:

- a. Please provide additional documentation supporting the derivation of the \$190,000 for 2007 enterprise software maintenance fees.
- b. Please provide additional documentation supporting the derivation of the \$142,000 for 2007 additional third party software maintenance fees.
- c. Please provide additional documentation supporting the derivation of the "prior year actuals" to which the \$332,000 was added.

CA-IR-364 Ref: T-10 Responses to HECO CA-IR-2, Attachment 13, page 3 & CA-IR-275 (ITS Costs).

The response to CA-IR-275(a) indicates that the \$190,000 for enterprise software maintenance fees was associated with some software (e.g., middleware and business objects) installed in 2006. Note D on CA-IR-2, Attachment 13, page 3, indicated that the 2007 test year forecast of \$384,000 was based on "prior year actuals" plus the sum of \$190,000 (2007 enterprise software maintenance fees) and \$142,000 (2007 additional third party software maintenance fees). Please provide the following:

- a. Does the amount of "prior year actuals" include any maintenance fees for the middleware software installed in 2006? Please explain.
- Does the amount of "prior year actuals" include any maintenance fees for the business objects software installed in 2006? Please explain.
- c. If the response to parts (a) or (b) above is affirmative, please provide the amount of the maintenance fees for middleware or business objects software embedded in the "prior year actuals" amount.

CA-IR-365 Ref: T-10 Responses to HECO CA-IR-2, Attachment 13, page 3 & CA-IR-275 (ITS Costs).

The response to CA-IR-275(b)(3) indicates that the \$142,000 for third party software maintenance was associated with software purchased in 2006. Note D on CA-IR-2, Attachment 13, page 3, indicated that the 2007 test year forecast of \$384,000 was based on "prior year actuals" plus the sum of \$190,000 (2007 enterprise software maintenance fees) and \$142,000 (2007 additional third party software maintenance fees). Please provide the following:

- a. Does the amount of "prior year actuals" include any third party software maintenance fees for software purchased in 2006? Please explain.
- b. If the response to part (a) above is affirmative, please provide the amount of the maintenance fees for embedded in the "prior year actuals" amount.

CA-IR-366 Ref: HECO T-10 Responses to CA-IR-2, Attachment 13, page 11 & CA-IR-276 (ITS Costs).

In response to parts (a), (b) and (c) of CA-IR-276, the Company indicated that the referenced forecast amounts were based on an hourly rate of \$120 times 3750 hours for CIS, 970 hours for HRMS, and 3000 hours for TYC (legacy CIS). Please provide the following:

- a. Please provide the basis for the \$120 outside services hourly rate.
- b. Please provide additional support for the following outside service hour needs:
 - 1. 3750 hours for CIS;
 - 2. 970 hours for HRMS; and
 - 3. 3000 hours for TYC (legacy CIS).

CA-IR-367 Ref: HECO Response to CA-IR-279 (Account 920 & Incentive Compensation).

Page 2 of the response to CA-IR-279 provides a breakdown of the 2005, 2006 and 2007 test year "PIC" amounts between "LTIP/EICP" and "Other Awards." Please provide the following:

- Please identify and describe the forms of compensation that fall into the "Other Awards" category.
- For 2005 and 2006 (actuals) and the 2007 test year forecast,
 please provide the amounts associated with each "Other Awards" item identified in response to part (a) above.

CA-IR-368 Ref: HECO-1007 & Response to CA-IR-282 (HEI Billings).

Confidential page 38 of the response to CA-IR-282 shows the 2007 forecast of total HEI expenses and the related amount of Intercompany Billing to Subsidiary operations. Please provide the following:

- a. Please provide a breakdown of the total confidential amount of Intercompany Billing, broken down by subsidiary.
- b. If HECO's portion of the response to part (a) above does not tie to the \$1,794,532 calculated on HECO-1007, please provide the following:
 - Please explain and reconcile the primary factors contributing to the difference.
 - Please provide additional supporting documentation showing the derivation of the confidential amount of Intercompany Billing set forth on page 38 of the response to CA-IR-282, by subsidiary.

CA-IR-369 Ref: HECO-1007 & Response to CA-IR-282 (HEI Billings).

HECO-1007 employs the 2006 allocation factors, which are based on 2005 actual results as set forth in the response to CA-IR-282. Please provide the 2007 allocation factors and underlying documentation in a format similar to the response to CA-IR-282.

CA-IR-370 Ref: HECO-1019 & Response to CA-IR-286 (Abandoned Projects).

HECO has proposed to include \$224,000 of abandoned project costs in test year expense, based on a five-year average (i.e., calendar years 2001-2005). Under the five-year averaging approach, the BP NAS Privatization (Barber's Point Naval Air

Station Privatization) and the ACD/IVR Project (Automatic Call Center Distribution Project) represent approximately \$123,200 of HECO's \$224,000 proposed amount. Please provide the following:

- a. Please explain why the BP NAS project should not be considered aberrational and excluded from the five-year average calculation.
- b. Please explain why the ACD project should not be considered aberrational and excluded from the five-year average calculation.

CA-IR-371 Ref: HECO-1019 & Response to CA-IR-286 (Abandoned Projects).

The PIF provided as Attachment 2 to the response to CA-IR-286 explains the need to install a modern Automatic Call Distribution system. Please provide the following:

- a. Please confirm that this project was approved in
 October 2000. If this cannot be confirmed, please explain.
- Please explain why HECO decided to abandon this project,
 identifying and describing any subsequent project that
 served to replace or supersede this project.

CA-IR-372 Ref: HECO T-10 Responses to CA-IR-2 (Attachment 26, page 2) & CA-IR-288 (Outside Services-General).

The response to CA-IR-288(a) indicates that the \$660,000 included in the 2007 test year forecast (Account 921) for outside services-general was approximately based on amounts spent in 2005 and 2006. According to the response to CA-IR-288(b), the 2005 and 2006 amounts were \$614,000 and \$616,000, respectively. Please provide the following:

- a. Please provide a breakdown of the 2005 and 2006 amounts by project or initiative, specifically identifying the scope of any consulting services retained.
- Please provide actual expenditures through May 2007 for each comparable project undertaken thus far.

CA-IR-373 Ref: HECO T-10 Responses to CA-IR-2 (Attachment 26, page 2) & CA-IR-288 (Outside Services-General).

The response to CA-IR-288(a) indicates that approximately \$250,000 of the \$660,000 included in the 2007 test year forecast for outside services-general is allocated to support the "Community Process." Please provide the following:

- a. When was the "Community Process" initiated?
- b. Referring to the response to part (a) above, please provide a description and the related amount for each project involving

the "Community Process" in calendar years 2005, 2006 or 2007.

c. Please provide a copy of any written narratives, presentations or other documentation discussing any specific "Community Process" projects or initiatives undertaken during 2005, 2006 or 2007.

CA-IR-374 Ref: HECO T-10 Response to CA-IR-2 (Attachment 26, page 3) & CA-IR-289 (Outside Services-General).

In describing the Company's past incurrence of costs that "may not be needed on an ongoing basis" (see Item 2 of Attachment 26, page 3), the Company identified three examples that ranged from \$15,000 to \$30,000 since 2004. Please provide the following:

- a. Please explain how the Company determined that \$100,000 was the appropriate amount to include in the 2007 test year forecast.
- Please explain why HECO did not reflect \$15,000 to \$30,000
 in the 2007 test year forecast.
- c. If the response to part (b) above indicates that HECO funded additional projects in each calendar year that caused total expenditures to materially increase above the 15,000 to \$30,000 range, please identify and describe all additional projects and list the amount incurred each year.

CA-IR-375

Ref: HECO T-10 Responses to CA-IR-2 (Attachment 28, page 2) & CA-IR-290 (Consultants).

In describing the \$144,000 for "Consultant-Dr. P" and \$50,000 for "Other Consultants" in the 2007 test year forecast by the Vice President Corporate Excellence (Account 921), the response to CA-IR-290 provided historical annual costs and indicated that the "2007 budget amount was based on anticipated consulting work expected for 2007 as well as approximately \$50,000 for late billings from 2006." Please provide the following:

- a. Recognizing that HECO plans to reduce its test year estimate for the \$50,000 of late billings, please identify and describe the specific consulting work expected for 2007 that was included in the remaining \$144,000 amount.
- b. Please explain how the Company determined that \$144,000 was the appropriate amount to include in the 2007 test year forecast, since prior year amounts only exceeded \$100,000 in one year during the 2001-2006 period.

CA-IR-376

Ref: HECO T-10 Responses to CA-IR-2 (Attachment 17, page 4) & CA-IR-291 (Corporate Costs).

In response to CA-IR-291(a), HECO indicated that the \$51,566 included in the 2007 test year forecast identified as "Restricted Stock" represents the amortization of restricted HEI stock granted

to Mike May in April 2006 over the vesting period ending May 2010.

Please provide the following:

- a. Please confirm that the \$51,566 "Restricted Stock" amortization was <u>not</u> removed from the 2007 test year forecast via the incentive compensation elimination adjustment. If this cannot be confirmed, please explain.
- b. If the response to part (a) above indicates that the \$51,566

 "Restricted Stock" amortization has been included in
 the 2007 test year forecast, please provide the following:
 - Please explain why the Company has sought to recover this restricted stock amortization in test year expense.
 - Please provide the amount of the total restricted stock grant, showing the calculation of the annual amortization and any allocation to HECO, MECO and other operating entities.
 - Please provide a copy of any formal documentation of the restricted stock grant.
 - Please provide a copy of any summary or explanatory material provided to Mr. May or the Board of Directors regarding the restricted stock grant.

Witness T-12 Ms. Price.

CA-IR-377

Ref: HECO Responses to CA-IR-69 & CA-IR-297 (Ho'okina & Targeted Compensation Program).

Referring to the response to CA-IR-297, Confidential Exhibit 1 provided two forecast amounts for the Engineering Retention, by position. Please provide the following:

- a. Please explain the difference between the amounts in each column (e.g., partial year prorate).
- b. The first column heading refers to an "Effective" date. Were these retentions actually effective for the engineering positions on that date? Please explain.
- c. Were all of the listed engineering positions "filled" as of the "effective" date? If not, please provide the following:
 - Please indicate the number of filled vs. vacant positions as of the "effective" date.
 - 2. Please indicate the number of filled vs. vacant positions as of the most recent date for which information is available.

Witness T-13 Mr. Tamashiro.

CA-IR-378

Ref: HECO T-13, page 26 & Response to CA-IR-300 (Ward Avenue Parking Repair).

CA-IR-300(a) asked the Company to confirm that the following summary accurately reflected the referenced testimony:

Beginning at line 15, HECO T-13 indicates that the Company budgeted for four non-recurring preventative maintenance projects relating to the Ward Avenue parking structure totaling \$764,000. Some of this work had been scheduled in prior years, but was deferred due to budget constraints. Because not all of the projects may be completed in 2007, the Company has proposed a normalization adjustment and included one-half of the total cost, or \$382,000, in the 2007 test year forecast.

In response to CA-IR-300(a), the Company stated that the summary was "inaccurate" and referred to Note (1) of HECO-1306 for explanation of the normalization adjustment. The following passage was excerpted from page 26, lines 15-21, of HECO T-13:

HECO has budgeted four non-recurring preventive maintenance projects relating to the Ward Avenue parking structure, totaling \$764,000. The Company had originally intended to complete some of these projects in prior years, however due to budget constraints, these projects were deferred to future years. It is possible that not all of these projects will be done in 2007, therefore only one-half of the total costs of these projects were included in the test year, resulting in a normalization adjustment of \$382,000.

Please provide the following:

- a. Referring solely to the two quoted passages above, please provide a detailed explanation as to how the "summary" set forth in CA-IR-300 inaccurately characterizes or portrays the excerpt from HECO T-13, page 26.
- b. Is it the intent of HECO T-13, via the response to CA-IR-300(a), to communicate that the cited testimony does

not accurately portray the basis for the Company adjustment set forth on HECO-1306? Please explain.

c. Is it the intent of HECO T-13 to revise the quoted testimony via the response to CA-IR-300(a)? Please explain.

CA-IR-379 Ref: HECO-1306 & HECO T-13 Response to CA-IR-3, Attachment 1, page 2 (General Plant Maintenance).

HECO-1306 normalizes certain Ward Parking Facility Improvement Projects, in quantifying 2007 test year maintenance of general plant. The four Ward Parking amounts set forth on HECO-1306 generally tie to the response of HECO T-13 to CA-IR-3 (Attachment 1, page 2). Please provide the following:

- a. Please provide forecast support for the \$566,000 (Recurring) and \$154,000 (Office Equipment) maintenance amounts set forth on HECO-1306. [Note: If the requested information is contained in the response of HECO T-13 to CA-IR-2, please provide a pinpoint reference to such information.]
- b. The response to HECO T-13 to CA-IR-3 (Attachment 1, page 2) identifies four additional 2007 R&M Projects that are not associated with the Ward Parking Facility Project. Please provide a brief description of each project listed below, indicating whether (and how) each project was included in the 2007 test year expense (i.e., not treated as a

capital project) <u>and</u> whether such amounts are considered to be annually recurring:

- 1. P0001116 Archer Roof: \$198,000.
- HF PM17 Ward Warehouse Replace Fire Doors:
 \$53,000.
- 3. Ward Café Roof: \$85,000.
- 4. P0000852 Ward 04 Warehouse Roof: \$113,000.

CA-IR-380 Ref: HECO T-13, page 38; Response to CA-IR-257, Attachment 2 and Attachment 3, page 7 (Payment Protection Program CSI Revenues).

Referring to summary of "Payment Protection Program Financial Results," please provide the following information:

- Please explain how HECO accounts for each line item of activity in the summary of Financial Results.
- b. Please identify where the corresponding amounts for each line item of CSI Program Financial Results can be found in the test year income statement, with reference to Exhibits, Workpapers and CA-IR-1 and IR-2 responsive workpapers, as applicable.
- c. Explain how the Attachment 2 amounts can be compared and reconciled to the Attachment 3, page 7 values.
- d. The amounts on Attachment 2 for YTD Apr-07, if annualized using a 12/4 months factor, appear to support a much higher

annual revenue level than has been included in the test year at T-13, page 33, line 17. Please explain this apparent discrepancy.

e. Provide copies of periodic settlement documents used by HECO and CSI to administer the program for all available months of 2006 and 2007, to-date.

CA-IR-381 Ref: HECO-1302, (Amortization of Deferred Gains).

Regarding the listed "Property Sold" line items, please provide the following information:

- a. The starting and ending dates of the PUC-approved amortization periods.
- Monthly per-books amortization amounts recorded to-date for each month of 2007.
- c. Explain any differences between the monthly amortizations being recorded in 2007 and the corresponding annual amount shown in HECO-1302.
- d. State whether any other properties have been sold by HECO and indicate the status of any pending PUC Dockets associated with such sales, indicating total gain and monthly amortizations being proposed.

CA-IR-382 Ref: HECO-1302, (Property Licenses and Leases).

Regarding each of the listed "Property Licenses and Leases" line items, please provide the following information:

- The starting and ending dates of each underlying license or lease agreements.
- b. Monthly amounts payable to HECO in connection with each of the agreements set forth in your response to part (a) of this information request.
- c. Provide a schedule of monthly recorded revenues by lease/contract for 2006 and 2007, to date, with comparisons to related amounts included in the test year for each listed item.

CA-IR-383 Ref: HECO-1302, (Parking, Telecom Rent and Other Revenues).

Regarding each of the listed "Parking, Telecom Rent and Other" line items, please provide the following information:

- a. The starting and ending dates of each underlying license or lease agreements.
- b. Monthly amounts payable to HECO in connection with each of the agreements set forth in your response to part (a) of this information request.
- c. Provide a schedule of monthly recorded revenues by in each listed category for 2006 and 2007, to date, with comparisons

to related amounts included in the test year for each listed item.

Witness T-15 Mr. Okada.

CA-IR-384 Ref: HECO WP-1502, page 2; Response to CA-IR-25, page 9 (Interest Expense/Deduction).

According to the 2006 per books income statement, HECO incurred "Interest on Long Term Debt, Amort on Net Bond Prem & Exp, Interest to Assoc Cos. and Other Interest Charges" that totaled \$35,164,165. Please provide the following:

- a. Explain each known reason why total "Net Interest Expense"
 on WP-1502, page 2 is \$4.6 million lower than recorded interest in 2006.
- b. Provide explain how ratepayers are afforded the tax deductions associated with bond premium and expense costs under the Company's methodology to calculate tax deductible interest expense for ratemaking purposes.
- c. Provide a detailed monthly statement of actual HECO Interest Charges in the format used for financial reporting for each available month of 2007, to-date.
- d. In the event the Company intends to update rate base inputs and the estimated 12/31/2006 capital structure rate case values and/or the estimated 2007 sources of uses of cash values sponsored by HECO T-19, please provide

corresponding updated WP-1502 interest deduction calculations.

CA-IR-385 Ref: Response to CA-IR-28, Confidential page 3 (Schedule C, line 18 Deduction).

The HECO tax return reflects an adjustment at line 18 of Schedule C. Please explain the IRC code/regulation support for this special deduction and indicate how it has been treated for ratemaking purposes by HECO, MECO and HELCO, explaining the basis for such treatment.

CA-IR-386 Response to CA-IR-28, Confidential page 8 (Alternative Minimum Tax).

Please explain whether alternative minimum taxes have any impact upon HECO's asserted ratemaking income tax expenses or its accumulated deferred income tax balances recognized in rate base. If your response is affirmative, please explain and quantify each such impact and describe the basis for such treatment of AMT.

CA-IR-387 Ref: HECO-WP-1502, page 2; Responses to CA-IR-303 and CA-IR-307, (AFUDC Debt).

a. Please explain whether the procedures employed to estimate the debt component of the AFUDC rate

(multiplication by the debt ratio) on WP-1502 are reasonable in light of how the AFUDC Rate of 8.3167% is calculated.

b. Provide an updated calculation of test year interest deduction amounts as on WP-1502, including AFUDC updates as necessary, reflective of each adjustment to the proposed capital structure/costs or to capital spending that is proposed to be made by HECO (see CA-IR-307).

Witness T-16 Mr. Morikami.

CA-IR-388

Ref: Original HECO-WP-1601, pages 4-6 & CA-IR-307, Attachment 1, pages4-6 (2007 Plant Additions).

CA-IR-307 (Attachment 1, pages 4-6) provides an update of 2007 plant addition forecast by project. A comparison of these revised Company workpapers with the original workpapers identified five (5) construction projects expected to be completed during 2007 in excess of \$900,000 that were not included 2007 additions in HECO's original test year forecast. Two projects (i.e., P0000640 & P0001047) appear to have been delayed from 2006 to 2007 while three appear to be new projects (i.e., P0001321, P0001356 & P0001364). Please provide the following:

 a. For each project, please provide the most current and complete Project Initiation Authorization (PIA) or Project Identification Form (PIF) packet.

- b. If the response to part (a) above does not contain project feasibility studies, cost savings estimates, estimated construction and project completion dates, identification of retirements or related costs of removal, please provide the following:
 - Does such information exist for each of the projects in addition to the information requested in part a. above?
 - 2. If so, please provide such information for each of the projects in addition to the information requested in part a. above.
 - 3. If not, please explain why such information is not available for each project.

CA-IR-389 Ref: Original HECO-WP-1601, pages 4-6 & CA-IR-307, Attachment 1, pages 4-6 (2007 Plant Additions).

CA-IR-307 (Attachment 1, pages 4-6) provides an update of 2007 plant addition forecast by project. A comparison of these revised Company workpapers with the original workpapers identified seven (7) construction projects originally expected to be completed during 2007 in excess of \$900,000 that are not included as 2007 additions in HECO's revised test year forecast. The seven projects are: P0000677, P0000794, P0000856, P0000946, P0000947, P0001167 & P0001304. Please provide the following:

- a. For each project, please indicate whether the project was delayed, cancelled or consolidated with one or more other projects.
 - If delayed, please explain why the project was delayed and provide the current planned completion date.
 - 2. If cancelled, please explain why the project was cancelled.
 - 3. If consolidated with another project, please identify and explain why the projects were consolidated.
- Referring to the projects identified in response to part (a)(3)
 above, please provide the most current and complete Project
 Initiation Authorization (PIA) or Project Identification Form
 (PIF) packet.

CA-IR-390 Ref: Original HECO-WP-1601, pages 4-6 & CA-IR-307, Attachment 1, pages 4-6 (2007 Plant Additions).

CA-IR-307 (Attachment 1, pages 4-6) provides an update of 2007 plant addition forecast by project. A comparison of these revised Company workpapers with the original workpapers identified various new construction projects expected to be completed during 2007 that were not included as 2007 additions in HECO's original test year forecast. For each of the identified projects

(i.e., P0001337, P0001338, P0001374, P0001396, P0001398 & P0001401), please provide the following:

- a. For each project, please provide the most current and complete Project Initiation Authorization (PIA) or Project Identification Form (PIF) packet.
- b. If the response to part (a) above does not contain project feasibility studies, cost savings estimates, estimated construction and project completion dates, identification of retirements or related costs of removal, please provide the following:
 - 1. Does such information exist for each of the projects in addition to the information requested in part a. above?
 - If so, please provide such information for each of the projects in addition to the information requested in part (a) above.
 - If not, please explain why such information is not available for each project.

CA-IR-391 Ref: CA-IR-307, Attachment 1, pages 4-6 & HECO-1306 (2007 Plant Additions).

CA-IR-307 (Attachment 1, pages 4-6) provides an update of 2007 plant addition forecast by project. HECO's revised 2007 test year forecast includes \$219,428 for Project P0001402, Ward Roof Top Parking Improvement. In quantifying 2007 test year maintenance

of general plant, HECO-1306 normalizes certain Ward Parking Facility Improvement Projects, including \$520,000 for roof level improvements and \$255,000 for covered level improvements.

Please provide the following:

- a. Please identify and describe the Ward parking improvement projects.
- b. To what extent is P0001402 additive to or duplicative of the improvement projects HECO-1306 proposes to normalize and include in general plant maintenance expense? Please explain.

CA-IR-392 Ref: CA-IR-307, Attachment 1, pages 4-6 & HECO T-10, page 21 (2007 Plant Additions & Ellipse Migration).

CA-IR-307 (Attachment 1, pages 4-6) provides an update of 2007 plant addition forecast by project. HECO's revised 2007 test year forecast includes \$407,588 for Project P0001341, Ellipse Migration to Unix. In quantifying 2007 test year charges to Account 921, HECO T-10 (beginning at line 11 of page 21) describes \$509,000 of cost related to the Ellipse migration to the Unix platform. Please provide the following:

a. Please provide the most current and complete Project
 Initiation Authorization (PIA) or Project Identification Form
 (PIF) packet for Project P0001341, Ellipse Migration to Unix.

- b. Please explain the relationship of the capital costs associated with Project P0001341 to the \$509,000 in Account 921 related to the Ellipse migration to the Unix platform.
- To what extent is P0001341 additive to or duplicative of the Ellipse migration costs included in Account 921? Please explain

CA-IR-393 Ref: CA-IR-307, Attachment 1, pages 9-10 (2007 Plant Additions).

The referenced pages represent updates to HECO's 2007 forecast of program plant additions. Please provide additional documentation supporting the development of the 2007 forecast additions, including information similar to Project Initiation Authorization (PIA) or Project Identification Form (PIF) documentation or other forecast documentation, for each of the following capital Programs:

- a. P0000122, Cor (Inc Emg) Mis Cable Rp, \$5,237,332.
- b. P1250000, Vehicle Purchases, \$2,911,478.
- c. P1680000, Tsf & Equip Pur (CID), \$6,003,342.
- d. P1700000, Misc UG Svc & Extn (CID), \$12,313,921.
- e. P3400000, Prev OH Dist Repl, \$2,239,079.

CA-IR-394 Ref: CA-IR-307, Attachment 2 (Property Held for Future Use).

Page 2 of Attachment 2 shows two land parcels associated with the Campbell Industrial Park Generating Station, which HECO proposes to include in rate base. Please provide the following:

- a. Have both of these parcels already been purchased?
 - If so, please provide the closing date and actual purchase price.
 - If not, please provide the current best estimate of the closing date and any known revision to the purchase price.
- b. Please explain why the land associated with this generating station should be included in rate base, rather than capitalized and included in the investment base on which AFUDC is calculated.

CA-IR-395 Ref: CA-IR-307, Attachment 3 & 4 (CIAC & Customer Advances).

Please provide the following:

a. Do Attachments 3 and 4 identify all plant projects or programs completed in 2006 or expected to be completed in 2007 or 2008 for which HECO has collected or expects to collect customer advances and/or contributions in aid of construction prior to 2007, during 2007 or after 2007? Please explain.

- 1. If so and the information is duplicative of the data sought by parts (b) through (d) below, please provide a copy of the documentation relied upon on in quantifying the CIAC and Customer Advance amounts set forth on Attachments 3 and 4.
- 2. If not, please complete parts (b) through (d) below.
- b. Please identify each plant project or program expected to be completed and closed to plant in service <u>during 2007</u> for which HECO has collected or expects to collect customer advances and/or contributions in aid of construction.
 - For each identified project or program, please provide the total amount collected or to be collected.
 - Referring to part (b)(1) above, please provide a further breakdown of the said amounts between funds collected prior to 2007, during 2007 and after 2007.
- c. Please identify each plant project or program completed and closed to plant in service <u>prior to 2007</u> for which HECO has collected or expects to collect customer advances and/or contributions in aid of construction.
 - For each identified project or program, please provide the total amount collected or to be collected.

- Referring to part (c)(1) above, please provide a further breakdown of the said amounts between funds collected prior to 2007, during 2007 and after 2007.
- d. Please identify each plant project or program completed and closed to plant in service <u>after 2007</u> for which HECO has collected or expects to collect customer advances and/or contributions in aid of construction.
 - For each identified project or program, please provide
 the total amount collected or to be collected.
 - Referring to part (d)(1) above, please provide a further breakdown of the said amounts between funds collected prior to 2007, during 2007 and after 2007.
- e. If the information requested in parts (b) through (d) above are not available, please explain.

Witness T-20 Mr. Young.

CA-IR-396 Ref: Response to CA-IR-317 - (Schedule G Accounts).

According to the response, "...in Schedule G...customers can and do have multiple Schedule G accounts." Please provide the following:

a. Provide available data indicating approximately how many HECO customers have more than one Schedule G account.

- b. Explain whether HECO is aware of chain stores, military agencies or other large customers that aggregate many individual Schedule G accounts and provide available data quantifying this phenomena.
- c. Describe whether and why HECO believes it more important to mitigate bill impacts upon small residential customers than upon small commercial customers.

CA-IR-397 Ref: T-20, page 18 (Schedule R Residential Service).

Please explain the customer billing impacts of conversions from master metered to individually metered service for multi-family residential buildings, including the following information:

- a. Identify the rate schedules used to bill typical master metered multi-family building, with statistics indicating how many multi-family dwelling units are presently thought to be served under each HECO commercial rate schedule.
- b. What is HECO's understanding of the most common utility cost apportionment methods employed for multi-family master metered residential buildings?
- c. Provide quantification of illustrative typical individual residential customer billing impacts for their dwelling unit upon conversion to individual metering.

- d. Explain how the Schedule R Apartment House Collection provision impacts the comparisons of bill impacts in your response to part (b).
- e. Has the Company considered the implications of limiting master metering of multi-family buildings to encourage residential customer conservation measures?
- f. If your response to part (d) is affirmative, please explain whether and why master metering restrictions have not been advocated?
- g. To what extent are the proposed inclining block residential rates expected to encourage conversion to individual metering for smaller dwelling units within multi-family buildings?
- h. If HECO has conducted studies or analyses of any of the issues raised in this information request since January 1, 2005, please provide complete copies of documents associated with such efforts.

CA-IR-398 Ref: HECO-WP-2001, page 84; Response to CA-IR-187 - (Customer Number Allocation Input).

At page 84, the Cost of Service workpapers reflect a customer count for the residential class of 261,302. Please provide the following information:

- a. Confirm that this value is tied to the Rate Schedule projected total customer count shown at HECO-201 that is sponsored by HECO T-2.
- b. Explain whether or not the impact of conversion of the Kukui Gardens from master metered service to individual meters has the effect of increasing the customer count allocation for Schedule R by approximately 800.
- c. To what extent does Mr. Young believe that the customer related distribution poles, lines and transformers to serve Kukui Gardens increased by a factor of 800 times or more as a result of conversion to separate metering?
- d. Beyond additional meter-related plant, was any significant additional distribution system investment required for the Kukui Gardens conversion project?
- e. If your response to part (d) of this information request is affirmative, please provide an itemized breakdown of new plant investment associated with the Kukui Gardens conversion by NARUC account.
- f. If the new individually metered condos at 215 N. King Street had been master metered, to what extent would Plant Investment requirements other than meter investments have been any different than investments actually incurred to provide service?

CA-IR-399 Ref: T-20, page 48, (Green Pricing Program).

According to Mr. Young's testimony, "The voluntary contributions received form this Green Pricing Program have been used for such programs as the Sun Power for Schools Pilot Program which funds the installation of photovoltaic systems in public schools." Please provide a summary of customer participation and contribution rates for the past three calendar years and explain how and where an accounting for such contributions is reflected in the Company's rate filing.

CA-IR-400 Ref: HECO T-20, page 49, WP-2019, page 21 (Returned Payment Charge).

Please provide the following information regarding the further proposed increase in this charge to \$22.00:

- a. Actual volumes of returned items in calendar 2005 and calendar 2006, by external vendor.
- Documentation supporting the currently effective "\$/item"
 prices as shown in WP-2019, page 21, or more current
 prices if applicable.

CA-IR-401 Ref: HECO T-20, page 59 (Standby Service).

Please provide the following information regarding the Company's rate case proposed Standby Service rates:

- a. Provide a markup of any revisions to the HECO proposed
 Standby Tariff that is now being proposed in Docket
 No. 2006-0497.
- b. Recognizing that HECO's present and proposed sales rates do not have demand rates equal to calculated unit demand costs, please explain any further adjustments to the Company's proposed Standby pricing for supplemental service pricing that would be required if the Commission wished to achieve approximate parity with the level of demand charges proposed to be recovered within the corresponding general sales rate?
- c. Identify and describe any other adjustments that may be required to the HECO-proposed Standby rate levels in the interest of moderating any adverse bill impacts associated with customer billing demand changes arising from self generation and adoption of standby service pricing.

CA-IR-402 Ref: HECO T-20, page 62 (TOU Rate Availability).

Please provide the following information regarding HECO provision of time-of-use rates in compliance with EPACT 2005:

a. Explain whether/how HECO believes that its present customer limitation proposed for TOU rates is consistent with the requirements of the EPACT.

- b. What is HECO's plan with respect to the timing for removing or changing the customer number limitations upon TOU rates that are offered?
- c. Has the Company prepared any reports or analyses of customer participation rates and customer impacts associated with pilot or test programs involving TOU rates?
- d. If your response to part (c) of this information request is affirmative, please provide copies of such reports/analyses (or citation if filed with the Commission).

CERTIFICATE OF SERVICE

ADVOCACY'S FIFTH SUBMISSION OF INFORMATION REQUESTS was duly served upon the following parties, by personal service, hand delivery, and/or U.S. mail, postage prepaid, and properly addressed pursuant to HAR § 6-61-21(d).

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DATED: Honolulu, Hawaii, June 7, 2007.